

CONTRACT FOR SPECIAL SERVICES BY INDEPENDENT CONTRACTOR

THIS CONTRACT is entered into this ____ day of ____, 20__, by and between the COUNTY OF SAN LUIS OBISPO (hereinafter referred to as "County") and Pacific Secured Equities DBA Intercare Holdings Insurance Services, Inc., a California corporation an independent contractor (hereinafter referred to as "Contractor").

WITNESSETH

WHEREAS, the County of San Luis Obispo has need for special services and advice administrating its workers compensation program; and

WHEREAS, Contractor is specially trained, experienced, expert and competent to perform such special services;

NOW THEREFORE, the parties mutually agree as follows:

1. **Scope of Services.** Pursuant to this Contract, Contractor shall provide to the County the special services as outlined in "Attachment 1 – Scope of Services".

2. **Compensation.** County shall pay to Contractor as compensation in full for all services performed by Contractor pursuant to this Contract the Monthly Fee according to the Compensation Schedule outlined in Section 2.1. Payments shall be made within thirty (30) days after the receipt of an statement from Contractor as set forth required by paragraph 3 herein. The Performance Incentive Payment shall be calculated within sixty (60) days of the year end and paid within thirty (30) days thereafter.

2.1 Compensation Schedule

	Contract Year	Monthly Fee	Annual Fee
Initial Term	2015-16	\$28,377	\$340,522
	2016-17	\$28,944	\$347,332
	2017-18	\$29,523	\$354,279
Optional Term	2018-19	\$30,114	\$361,365
	2019-20	\$30,716	\$368,592

Performance Incentive Fee

Annually	\$15,000
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Bill Review Services

Per Bill Fee	\$8.50 per bill
PPO Access Fee	21% of savings
EDI Reporting	\$1.00 per bill

Utilization Review Services

Level 1 – Claims Adjuster	No Charge
Level 2 – Nurse	\$90.00 per hour
Level 3 – Physician	\$200.00 per hour
Specialty Peer Review	\$250.00 per hour

Case Management Services

Telephonic Case Management	\$90.00 per hour
Field Case Management	\$110.00 per hour, plus applicable mileage

Medical Provider Network

Standard MPN using the PPO Network	No Additional Fee
Custom MPN	\$5,000, plus \$1,500 annual maintenance

3. **Billing.** Contractor shall submit to the County, on a monthly basis, a statement of services performed during that preceding period.

4. **Term of Contract.** This Contract shall commence on July 1, 2015 for an initial three (3) year term until June 30, 2018, with the option to be renewed under like terms for one additional two (2) year period, subject, however to the rights of modification contained herein and the provisions of paragraphs 5. Extension or termination of the Contract may be effectuated by the Human Resources Director without the need for action, approval or ratification of the Board of Supervisors.

5. **Termination of Contract for Convenience of Either Party.** Either party may terminate this contract at any time by giving to the other party 90 days' written notice of such termination. Termination shall have no effect on upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of said termination.

6. **Termination of Contract for Cause.** If Contractor fails to perform Contractor's duties to the satisfaction of the County or if Contractor fails to fulfill in a timely and professional manner Contractor's obligations under this Contract or if Contractor shall violate any of the terms or provisions of this Contract or if Contractor, Contractor's agents or employees fail to exercise good behavior either during or outside of working hours that is of such a nature as to bring discredit upon the County, then County shall have the right to terminate this Contract effective immediately upon the County giving thirty days prior written notice thereof to the Contractor. Termination may be immediate if the cause for termination is that the acts and activities of Contractor may imperil the health, safety, and welfare of the County, its employees, agents etc. Termination shall have no affect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such

termination. If County's termination of Contractor for cause is defective for any reason, including but not limited to County's reliance on erroneous facts concerning Contractor's performance, or any defect in notice thereof, County's maximum liability shall not exceed the amount payable to Contractor under paragraph 5 above.

7. **Equal Employment Opportunity.** During the performance of this Contract, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and hereby promises to comply with the provision on contractor agreements contained in Presidential Executive Order Number 11246 as amended by Executive Order (1) 75 and as approved by Department of Labor Relations (41 CFR Part 61).

8. **Entire Agreement and Modification.** This Contract supersedes all previous contracts and constitutes the entire understanding of the parties hereto. Contractor shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Contractor specifically acknowledges that in entering into and executing this Contract, Contractor relies solely upon the provisions contained in this Contract and no others.

9. **Non-Assignment of Contract.** Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor may not assign, transfer, delegate or sublet any interest therein without the prior written consent of County and any such assignment, transfer, delegation, or sublease without the County's prior written consent shall be considered null and void.

10. **Covenant.** This Contract has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California. All duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Contract.

11. **Enforceability.** If any term, covenant, condition or provision of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

12. **Employment Status.** Contractor shall, during the entire term of the Contract, be construed to be an independent Contractor and nothing in this Contract is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow County to exercise discretion or control over the professional manner in which Contractor performs the services which are the subject matter of this Contract; provided always however that the services to be provided

by Contractor shall be provided in a manner consistent with all applicable standards and regulations governing such services.

Contractor understands and agrees that Contractor's personnel are not and will not be eligible for membership in or any benefits from any County group plan for hospital, surgical or medical insurance or for membership in any County retirement program or for paid vacation, paid sick leave, or other leave, with or without pay or for any other benefit which accrues to a County employee.

13. Warranty of Contractor. Contractor warrants that Contractor and each of the personnel employed or otherwise retained by Contractor are properly certified licensed and insured under the laws and regulations of the State of California to provide the special services herein agreed to.

14. Indemnification. To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend, and hold harmless the County and its officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation) of every nature arising out of or in connection with Contractor's performance or attempted performance of work hereunder or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by sole negligence or willful misconduct of the County. If it is conclusively determined the negligence or willful misconduct of the County has contributed to the demand, damages, liabilities, or loss, the County shall contribute its proportionate share of a final award or settlement, if any, directly attributable to injury or loss caused by the County.

15. Insurance.

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.

3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

If the Contractor maintains higher limits than the minimums shown above, the County requires and shall be entitled to coverage for the higher limits maintained by the contractor.

Professional Liability/Errors and Omissions

Insurance covering Contractor's liability arising from or related to this Contract, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

OTHER INSURANCE Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The County, its officers, officials, employees, and volunteers are to be covered as insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor's employees; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the **Contractor's insurance coverage shall be primary** insurance as respects the County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled, except after thirty (30) days' prior written notice** (10 days for non-payment) has been given to the County.

Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the required insurance shall constitute a material breach of the Contract, upon which the County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. The County, at its sole discretion, may obtain damages from Contractor resulting from said breach.

Waiver of Subrogation

Contractor hereby grants to County a waiver of any right to subrogation which any insurer of said Contractor may acquire against the County by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the County has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the County. The County may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the County.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work***
3. If coverage is canceled or non-renewed, and not ***replaced with another claims-made policy form with a Retroactive Date*** prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of ***five (5)*** years after completion of contract work.

Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

Verification of Coverage

Contractor shall furnish the County with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and

endorsements are to be received and approved by the County before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Certificates and copies of any required endorsements shall be sent to:

San Luis Obispo County
Risk Management
1055 Monterey Street, Suite D-250
Attention: Melissa Boardman

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances

County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

16. Records.

a. Contractor shall keep complete and accurate records for the services performed pursuant to this Contract and any records required by law or government regulation and shall make such records available to County upon request.

b. Contractor shall assure the confidentiality of any records that are required by law to be so maintained.

c. Contractor shall prepare and forward such additional or supplementary records as County may reasonably request.

17. Accounting.

Contractor shall maintain accounting records in accordance with generally accepted accounting principles. The Contractor shall obtain the services of a qualified bookkeeper or accountant to ensure that accounting records meet this requirement.

Contractor shall maintain acceptable books of accounts which include, but are not limited to, a general ledger, cash receipts journal, cash disbursements journal, general journal and payroll journal.

Contractor shall record costs in an accounting system which clearly identifies the source of all costs.

The use of worksheets to produce billings shall be kept to a minimum. If worksheets are used to produce billings, all entries should be documented and clearly traceable to the Contractor's cost accounting records.

All accounting records and supporting documentation shall be retained for a minimum of five (5) years or until any audit findings are resolved, whichever is later. Contractor shall safeguard the accounting records and supporting documentation.

Contractor shall make accounting records and supporting documentation available on demand to the County for inspection and audit. Disallowed costs shall be repaid to the County.

The County may require to have the Contractor's accounting records audited, at County's expense, by an accountant licensed by the State of California. The audit shall be presented to the County Auditor-Controller within thirty (30) days after completion of the audit.

18. Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by first class mail to the County at:

San Luis Obispo County
Risk Management
1055 Monterey Street, Suite D-250
Attention: Melissa Boardman

and to the Contractor:

Intercare Holdings Insurance Services, Inc
6020 West Oaks Boulevard, Suite 100
Rocklin, CA 95765
Attn: Chief Operating Officer

19. Cost Disclosure - Documents and Written Reports. Pursuant to Government Code section 7550, if the total cost of this Contract is over \$5,000.00, the Contractor shall include in all final documents and in all written reports submitted a written summary of costs, which shall set forth the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of such documentation or written report. The contract and subcontract numbers and dollar amounts shall be contained in a separate section of such document or written report.

20. Copyright. Any reports, maps, documents or other materials produced in whole or part under this Contract shall be the property of the County and none shall be subject to an application for copyright by or on behalf of Contractor.

21. Findings Confidential. No reports, maps, information, documents, or any other materials given to or prepared by Contractor under this Contract which County requests in writing to be kept confidential, shall be made available to any individual or organization by Contractor without the prior written approval of County. However, Contractor shall be free to disclose such data as is publicly available.

IN WITNESS THEREOF, County and Contractor have executed this Contract on the day and year first hereinabove set forth.

APPROVED AS TO FORM AND LEGAL EFFECT:

L.
Rita Neal
County Counsel

By: [Signature]
Chief Deputy County Counsel

Date: 6/5/15

COUNTY OF SAN LUIS OBISPO

By: _____
Chairman of the Board of Supervisors

Approved by the Board of Supervisors this on _____, 20__

ATTEST:

Clerk of the Board of Supervisors

CONTRACTOR:

Name: [Signature]

Title: COO

Date: 6/4/15

Name: [Signature]

Title: CEO

Date: 6/4/15

State of California
County of _____

On _____ before me, _____
personally appeared _____
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

Attachment 1 - SCOPE OF SERVICES

The services provided by the TPA will meet Federal, and State requirements as well as the requirements of the business needs of the County. The TPA must comply at minimum with the Claims Administration Guidelines of the CSAC-EIA as outlined in Attachment "A" CSAC WC Claims Management Guidelines.

- A. RTW/Modified Duty - The County has implemented a proactive County-wide disability management program administered by the County's RTW Coordinator. The selected TPA will be required to assist with securing work restriction information from the physician to help the County in placing the injured employees in suitable job duties and to communicate those restrictions to the County. Any changes in the work restrictions should be communicated promptly (within one business day) to the County RTW Coordinator so that modifications to temporary or permanent work assignments can be made consistent with medical restrictions and physical capabilities. This will require coordination of benefits with the County payroll department as well as a daily or real – time data feed to populate the County's RTW management tool.
- B. Permanent Disability - The claims administrator, as soon as it receives notice of P&S status, shall communicate this information to the County within one business day so that permanent accommodation consideration can be initiated.
- C. Fraud Control - The County requires the claims administrator to aggressively control fraud and pursue restitution in all fraud cases through its Special Investigations Unit (SIU). Risk Management shall be notified of all claims involving potential fraud and initiation of fraud investigation activities.
- D. Claim Reviews- Quarterly claim reviews on-site at the County are required. The TPA is expected to send two (2) dedicated claim adjusters, and the program supervisor or manager to attend four (4) claim reviews per year. The program manager will be required to attend at least one claim review each year.
- E. Site Visits – A minimum of 11 site visits per year (~ monthly) are required to meet with non-litigated injured workers to discuss benefits, settlement documents, and or other questions/ concerns the injured worker may have about their claim, are required. These visits will be held at a County location, and be attended by at least one of the 2 dedicated adjusters, or the supervisor, assigned to the County. Claim reviews and site visits may be coordinated in the interest of efficiency.
- F. Loss Reporting and Data - The County requires that the claims administrator provide electronically, on a monthly basis, loss reports detailing claim frequency, paid and incurred costs. These reports are described in more detail in section 3.2. In addition, the County may have need on occasion to obtain other reports for various purposes including but not limited to actuarial studies, SIP reporting, audits, program and departmental analysis. Please provide details on your system's reporting capabilities, availability of internal IT staff to respond to custom report requests and client access to your system's reporting tool. The County will also require claim system access for multiple users to review and monitor its claims, review file notes and reserves. Read and write capability will be required for up to [3] persons, and read-only access will be required for up to two additional persons.
- G. Claims Personnel Qualifications and staffing requirements - The claim assistant(s) assigned to the County must have a minimum of three years' experience in the Workers'

Compensation field. Each of two examiners assigned to handle claims for the County must have a minimum of four years' experience handling public entity Workers' Compensation claims, LC4850 and presumptions, and possess a Self-Insured Plans (SIP) Certificate. Supervisors serving the County must have a minimum of 5 years' experience handling or supervising Workers' Compensation claims and possesses an SIP Certificate. It is desirable that the claim assistants, examiners and supervisors have experience with a multiple-location, public sector client. The County maintains the right to interview and review evidence of work experience of all personnel to be assigned to its account and to approve such personnel. The County requires 2 full time (40 hrs/week each) dedicated claims examiners (minimum 1 senior examiner), 0.5 dedicated supervisors (20 hrs/ week), 0.5 dedicated claims assistant (20 hrs/week), and 0.25 clerk (10 hrs/week) to be assigned to our program. During transition periods including the time of acquisition of TPA staff for the County account, time when a dedicated staffer is on vacation or out sick for a period of greater than 10 working days, on leave for greater than 10 working days, or times when a County dedicated staffer is removed from or leaves the County program, the supervisor assigned to the County shall become 100% dedicated to the County either upon the 10th working day of absence or immediately in the case of a dedicated staffer leaving the program, until such time at the staffing deficit is mitigated. For time when a dedicated staffer is on vacation or out sick for a period of less than 10 working days, or on leave for less than 10 working days, the supervisor shall directly work the absent examiner's case load, and/ or assign case work to the second of the two staff dedicated to the County, to assure continued attention to and processing of all claims.

- H. Transmission of Injury Reports and Claims Access - The claims administrator must be able to receive initial injury reports (5020 form) from the County electronically. Claims administrator should have system compatibility for receiving 5020 reports and will work with County automation staff to ensure that ability. The County requires TPA to enter claims into their database within one business day of receipt. The County also requires a daily or real time data feed from the TPA of all reported claims from the prior or current day to populate their RTW program database.
- I. Caseloads of staff shall not exceed an average of 150 cases per dedicated examiner. One (1) case shall be defined as a unique medical only, indemnity, and future medical. The County requires cases be handled in the fashion best described as 'from cradle to grave', with each examiner handling medical only, indemnity, and future medical cases as assigned by the County (as divided among examiners by County department). If claims exceed this requirement the Contractor agrees to within 30 days written notice, provide a cost estimate to the County for additional services.
- J. The County may conduct claims performance audits at least annually to measure TPA performance and compliance with claims administration standards and requirements.
- K. Excess – The County has maintained excess insurance for more than 20 years. The selected TPA will be required to report on all potential excess claims as required by the excess policy to the applicable excess carrier. Provide to the County or document in the claim file a copy of each excess report completed and purse when appropriate excess reimbursements from the carrier. All recovery checks must be documented in the claim file (date, check numbers, amount) before forwarding the checks to the County Risk Management Department. The County will provide a list of applicable excess policy info, carrier and retention levels to the successful TPA.
- L. Reply and give all such Contractor required information to the County in order to enable it to comply with all State mandated reporting requirements (SIP, DWC, etc.)

- M. Settlement Authorization - Prepare and submit settlement authorization request (SAR) for approval by the County prior to initiating settlement negotiations. The County may at its discretion grant limited authority to the TPA to resolve minor claims, however, settlement authorization request forms must still be submitted to the County.
- N. County may implement various programs (RTW, ADA, ergonomics, etc.) that may require special coordination between the TPA and the applicable County function. TPA will be required to provide documentation and information as needed for the County to effectively implement these programs.
- O. Training – Provide up to 4 training sessions per year on topics approved by the County. Training can be coordinated with quarterly file reviews or monthly site visits (or both) in the interest of efficiency.
- P. iVOS Access – The County will require full access for 3 people, and read-only access for an additional 2 people.

1.2 Reporting Needs

- A. Contractor shall provide standard loss reports or data electronically, at least monthly, in a format compatible with Microsoft Excel (.xlsx, .csv, etc) or PDF.
- B. Program-wide Losses - The County desires a monthly report that provides an overview of the County's total program exposures and costs. This report should be valued at the end of each month, grouped by fiscal year losses and include all claim years. The County's fiscal year runs from July 1 to June 30. The report shall separate by Fiscal Year the total indemnity and medical only claims reported, the total indemnity and medical only claims open and closed, the total paid by category (indemnity, medical, VR, expense) and the total incurred by category).for each fiscal year through the valuation date. County shall provide or direct to be provided to Contractor information regarding reported and closed claims arising prior to the Contract inception date.
- C. Litigation Report – This monthly report should list open litigated cases, grouped by fiscal year, where the employee is represented. Report should include employee name, date of injury, department, location, occupation, and total paid and incurred by category. (in Excel format)
- D. Payment analysis – This semi-annual report lists totals paid during the current fiscal year on all County workers' compensation claims by pay type. The payment information should be grouped by Indemnity, Medical, VR and Expense and provide details within each payment category.
- E. Departmental loss summary report will be categorized by department and will include a summary of open and closed claims by type:
 - medical benefits paid and reserved by department
 - temporary disability paid and reserved
 - permanent disability paid and reserved
 - vocational rehabilitation paid and reserved
 - expenses paid and reserved

- F. The claims administrator must complete and send to the County within five business days after the end of each month a production report, sorted by County department, displaying these key performance indicators:
- Number of settlements by type (Stip, C&R, F&A, closed with no PD))
 - Assessed penalties and cause
 - Number of claims delayed and/or denied
 - Reporting timeliness

1.3 Communication Expectations

- A. Issues of any significance must be called to the County's attention at the earliest appropriate time - disgruntled employees, system problems, large overpayments, etc.
- B. Attend client meetings as requested by County. Administrator's travel expenses in connection with client meetings or other matters relating to claims processing shall be paid by the TPA. (Teleconferencing may be acceptable when appropriate, upon County approval.)

1.4 Banking, Tax Reporting and other Financial Needs

- A. Recommend to the County banking arrangements for the County's program and assist in implementation.
- B. Accumulate data, prepare and mail 1099 forms for all providers of service who are paid during the calendar year, as required by the Internal Revenue Code. Verify accuracy of 1099 information to avoid potential IRS penalties.
- C. Provide any required federal or state financial or tax reports.
- D. Provide appropriate information, documentation and cooperation with State of California or County Auditor when requested.
- E. Reconcile (balancing) all claim file payments at least twice per year, and upon settlement and file closure. Proof of reconciliation should remain in claim file.
- F. Provide a monthly check register/report of claim payments, and other claim data.

1.5 Administrative Expenses

The selected administrator will be expected to bear the cost of:

- A. Installing and maintaining any necessary automated claims administration systems.
- B. Installing/converting historical data, including electronic claim, payment and reserve information and transferring any paper files or documents from previous TPA. Scanning or converting paper documents to electronic format as needed to facilitate claims administration and claims documentation.

- C. Transferring records and systems to the succeeding Administrator at the transition of the contract, (if a different TPA is selected), with no additional cost or fee required.
- D. Administrative fees should cover the cost of administrator's staff; all office space; storage space for closed files; supplies; forms/posters/pamphlets and brochures for injured employees as required by the State Labor Code and the Administrative Director; standard management reports; telephone expenses; postage; checks (if utilizing TPA's own checking account); computer hardware/software; transcription services, copy work and other equipment/supplies necessary for claims handling.

1.6 Internal Controls

- A. Apply industry standard internal claim payment control systems/quality control procedures, security checks and balances necessary for the effective implementation of the plan program.

Administrator must agree to maintain the security and confidentiality of all medical, financial and claim records.